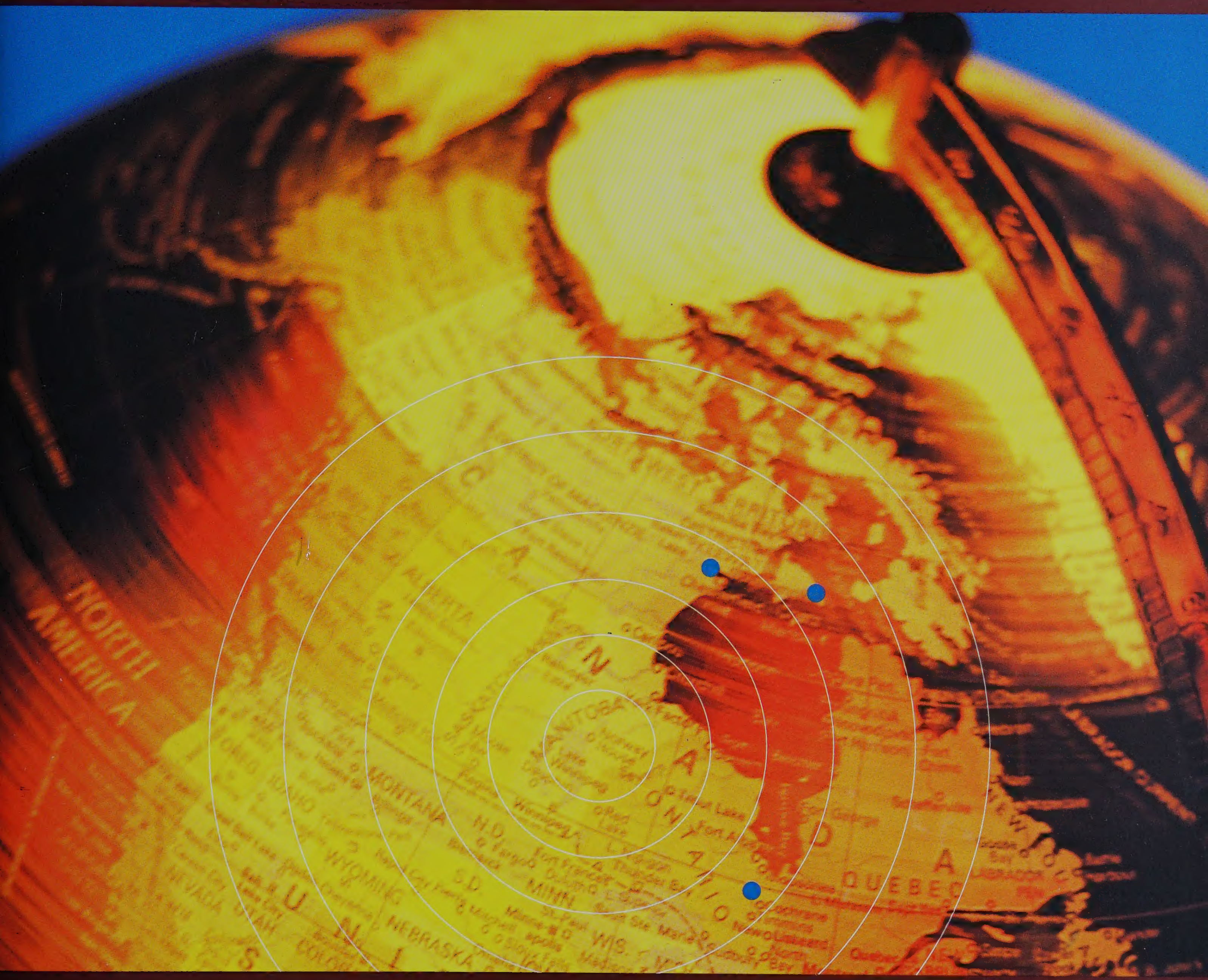
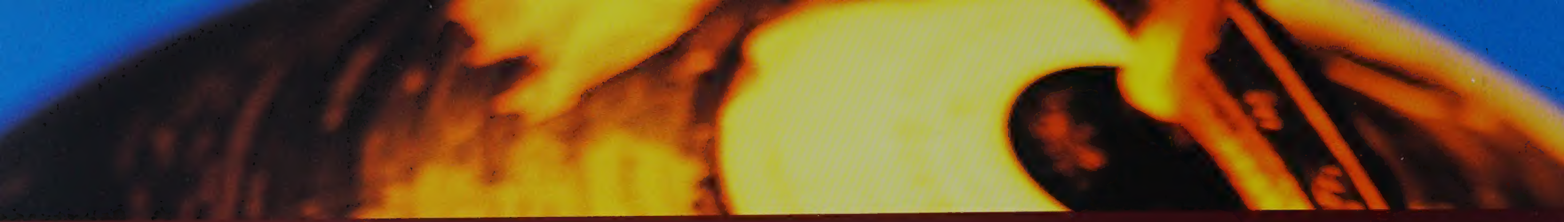
2005 ANNUAL REPORT



COMAPLEX

MINERALS CORP



Corporate Profile

Comaplex Minerals Corp. is a junior resource company that explores for precious and base metals. The Company's business strategy is to generate the majority of its prospects internally, acquire properties in geologically favorable areas, and conduct appropriate exploration programs to develop their economic potential. Comaplex has focused its efforts on areas where it can obtain large tracts of land that have numerous exploration targets.

To support its mineral exploration activities, the Company has invested in producing oil and gas properties. Cash flow generated from these properties is used to pay general and administrative expenses and assist in financing mineral property acquisitions and exploration programs.

Comaplex's common shares trade on The Toronto Stock Exchange under the symbol CMF.

Notice of Annual Meeting

The Annual General Meeting of Shareholders will be held on Wednesday, May 24, 2006, in the Nakiska Room, at the Westin Hotel, 320 Fourth Avenue S.W., Calgary, Alberta, at 10:00 a.m. (Calgary time).

Contents

The Company is pleased to report its operational and financial results for 2005. During the year, the Company recorded another highly successful drilling program of 15,851 meters on the Meliadine West property, returned encouraging gold values from diamond drilling on the Caballo Blanco property in Mexico, and completed a follow-up till sampling program for diamonds on the Southampton Island property.

Comaplex is presently reviewing its many positive options with regard to its main properties. The Company continues to have sufficient working capital, estimated at approximately $9 million, to finance its 2006 exploration programs.

Highlights

Operations

- In February 2005 Comaplex entered into a Subscription Agreement with Orogen Holdings (BVI) Limited ("Orogen"), an indirect wholly-owned subsidiary of Gold Fields Limited ("Gold Fields"), whereby Orogen purchased, on a private placement basis, 2,428,571 common shares of Comaplex at a price of Cdn. $3.50 per share for aggregate gross proceeds to Comaplex of Cdn. $8,500,000. Comaplex has been advised by Gold Fields that Orogen presently owns 7,628,571 common shares, representing a 19.8 percent ownership of the Comaplex issued shares.
- Comaplex recently engaged the services of Snowden Mining Industry Consultants ("Snowden") of Vancouver to determine an updated resources number for the Company's Tiriganiaq gold deposit located on the Meliadine West property in Nunavut Territory, Canada. This resource estimate was undertaken to examine the potential of the deposit to support a combined underground and open pit operation, whereas the previous resource estimate released in March 2005 was calculated as an underground only operation at higher cut off gold grades. Kindly refer to www.sedar.com for details pertaining to the January 18, 2006 and March 30, 2005 news releases.

Minerals resources summary as at December 31, 2005, and press released on January 18, 2006:

From surface to 150 meters (potential open pit)

Applied Cut-off grade	Category	Tonnage	Grade (gmt)	Contained oz Au
2.5 gmt	Indicated	4,200,000	7.5	1,009,000
2.5 gmt	Inferred	3,244,000	4.1	432,000

Below 150 meters (potential underground)

Applied Cut-off grade	Category	Tonnage	Grade (gmt)	Contained oz Au
6.5 gmt	Indicated	507,000	11.3	184,000
6.5 gmt	Inferred	3,188,000	10.9	1,120,000

Total Indicated Ounces Gold: 1,193,000

Total Inferred Ounces Gold: 1,552,000

The company is pleased with the new resource numbers and will continue to explore this property on an aggressive basis. Comaplex has a 78 percent interest in the Meliadine West property with an option to acquire an additional 2 percent.

- Comaplex continued its exploration program on the Caballo Blanco gold property in Eastern Mexico. The 2005 program consisted of diamond drilling and surface sampling and mapping programs. Follow-up work, including drilling, will be completed in 2006.

- Exploration programs were conducted in 2005 on the Company's various other land holdings and further programs will be conducted in 2006 on land holdings in Nunavut Territory, the Timmins area of Ontario, and in Newfoundland.

Financial

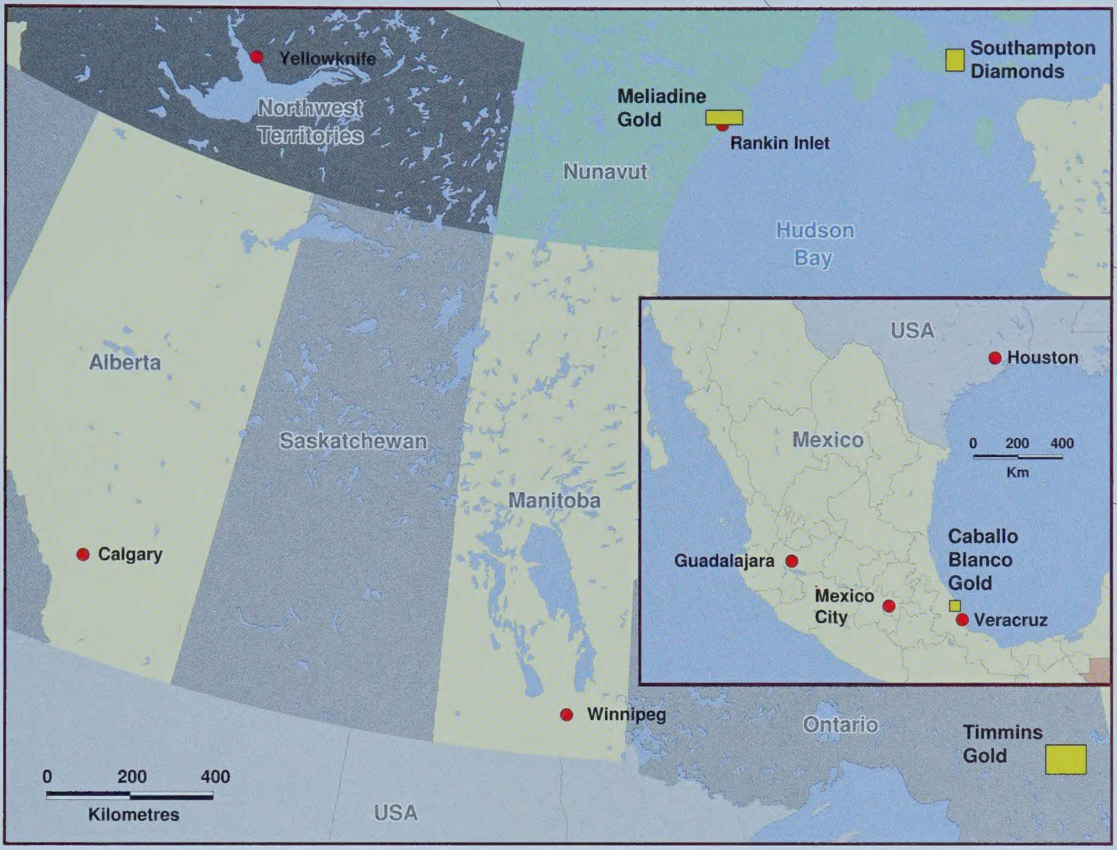
- Funds flow from operations increased to $2,935,000 in 2005 compared to $2,241,000 in 2004. Net earnings for 2005 increased to $3,589,000 compared to $2,464,000 in 2004. Working capital increased to $12,119,000 from the $7,510,000 amount for 2004 prior to giving consideration to capital appreciation on investments, which results in additional working capital of $3,109,000 in 2005 and $3,442,000 in 2004.

Outlook

Comaplex is continuing to assess its Meliadine property on an aggressive basis and in 2006 most of the Company's staff's time and capital expenditures will again be directed towards the development of this property. The 2006 work program will consist of drill programs to verify and expand existing deposits and to test exploratory anomalies. A great deal of time will also be allocated to continued research and the obtaining of approvals to proceed with an underground ramp or shaft. The present market perception is that there is a great deal of interest and support from a technical and financial perspective for aggressive programs on advanced exploration prospects such as the Meliadine property due to its highly advantageous logistical location.

Submitted on behalf of the Board of Directors.

George F. Fink
President, CEO and Director



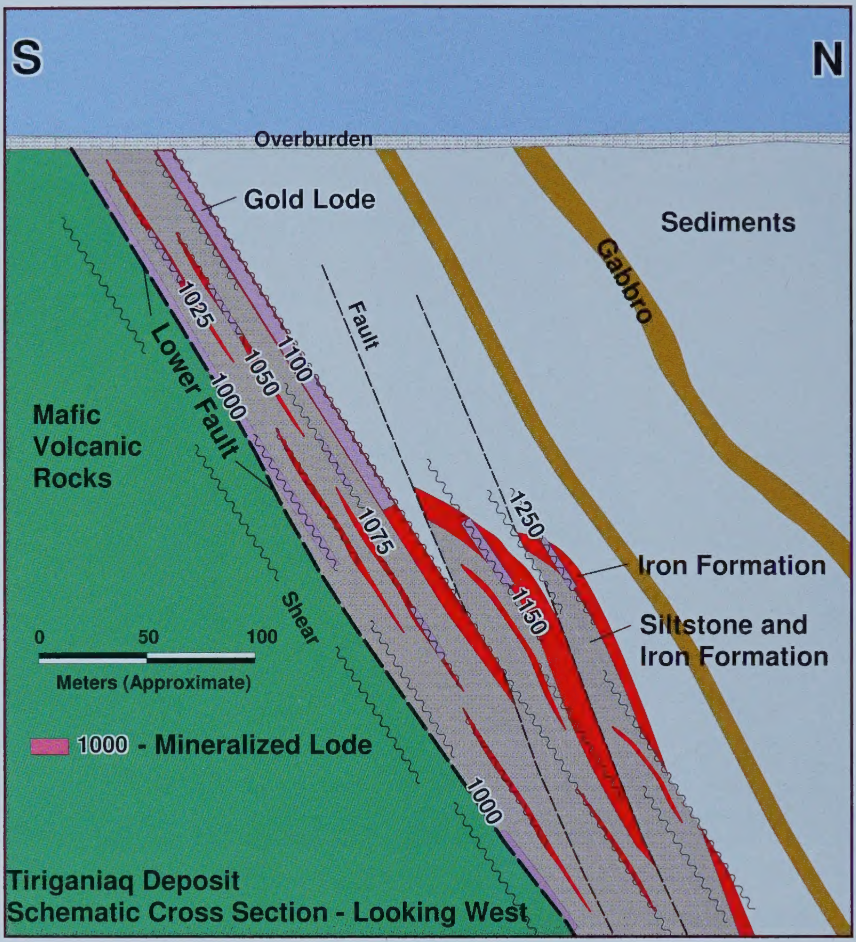
Meliadine West Project (gold), Nunavut

A significant field exploration program was conducted on the Meliadine West property in 2005. A total of 48 drill holes totaling 15,851 meters were completed on the project. Eighteen holes totaling 11,333 meters (72%) were completed in the Western Deeps. Three holes totaling 1,122 meters (7%) were completed in the main Tiriganiaq deposit. About 20% of the total 2005 drill budget was allocated to higher risk regional targets on the property. This included 2,083 meters (13%) in shallow drillholes on targets within 3 kilometers of Tiriganiaq and 946 meters (6%) on two widely spaced assessment targets.

Drilling in the Western Deeps of the Tiriganiaq deposit was designed to infill a portion of the deposit to roughly 50 meter centers and test down-plunge in 100 meter step-outs. Highlights from these holes include 20.0 gmt gold over 7.0 meters and 6.8 gmt gold over 9.3 meters in hole M05-564; 14.9 gmt gold over 4.5 meters in hole M05-565A; and 13.4 gmt gold over 3.3 meters in hole M05-567. Hole M05-567 is the deepest and most westerly hole in the Western Deeps to date, with the gold bearing intersection over 575 meters vertically below surface.

Prior to drilling it was recognized that it would be difficult to control the drill from wondering when drilling to extreme depths from surface to intersect the plunging structure in the Western Deeps. The wondering of the drill resulted in several drillholes hitting below and above the intended target. Comaplex recognized that such deep, single hole step-outs were a high risk, but was an acceptable approach to determine the grade and geometry of the mineralization in this part of the Tiriganiaq deposit. The intersection of low to moderate grade gold values in holes inferred to be off the structure suggests possible continuity of the target horizons at these locations, which is very encouraging.

A pleasant surprise in this year's program was the gold tenure of intersections cutting the 1000 zone in the Western Deeps deposit, in addition to the intersections in the 1150 zone that previously was considered to be the only gold zone at these depths. Highlights of 2005 drillholes into the zone that returned 1000 zone mineralization, include 10.8 gmt gold over 2.2 meters in M05-565A; 10.4 gmt gold over 2.3 meters in M05-568; and 16.0 gmt gold over 6.2 meters in M05-559A (11.7 gmt gold over 6.2 meters if cut to 60 gmt gold). On completion of the 2005 drilling, it was concluded that the Tiriganiaq Main and Western Deeps Zones are likely all part of the same ore body and mineralized lodes are continuous between the two areas of the deposit.



A complete reconstruction of the mineralized lodes was jointly completed in the fourth quarter of 2005 by Comaplex and Gold Fields Limited (Gold Fields) personnel that were seconded to Comaplex. The mineralized lodes are tightly constrained and previously generalized lodes were subdivided into narrower, continuous domains that accurately reflect the grade distribution and controls.

On January 18, 2006, Comaplex released an updated resource estimate for the Tiriganiaq deposit. The resource was completed by Snowden Mining Industry Consultants (Snowden) and incorporates both underground and open pit resources. All drilling to date in the Tiriganiaq deposit was incorporated into this resource estimate, but none of the satellite deposits on the property, such as Pump, F, Wolf, North Wolf, were included.

Preliminary mine planning and cost estimation studies were undertaken by Snowden so that reasonable cut-off criteria could be applied in the estimate. The analysis suggests that open pit mining may be possible to approximately 150 metres below surface. A cut-off grade of 2.5 gpt has been applied to resources reported above this level. Below 150 meters from surface, it is likely that bulk underground mining methods may be possible. A 6.5 gpt cut-off grade has been applied for this part of the resource. It is likely that a small portion of the underground resource may be mined by more selective, narrow vein mining methods. Further studies will be required to determine the mining method applicable to individual lodes. A gold price of $450 US per ounce has been assumed in the mine planning analysis.

The Tiriganiaq Mineral Resource is reported in the following table at several cut-off grades from above and below the 150 meter level from surface.

Mineral Resource from surface to 150 meters below surface

Category	Cut-off (gpt Au)	Tonnes	Grade (gpt Au)	Ounces (gold)
Indicated	2.0	4,802,000	6.8	1,051,000
	2.5	**4,200,000**	**7.5**	**1,009,000**
	3.0	3,573,000	8.3	953,000
	3.5	3,092,000	9.1	903,000

Category	Cut-off (gpt Au)	Tonnes	Grade (gpt Au)	Ounces (gold)
Inferred	2.0	4,342,000	3.7	512,000
	2.5	**3,244,000**	**4.1**	**432,000**
	3.0	2,236,000	4.8	343,000
	3.5	1,534,000	5.5	270,000

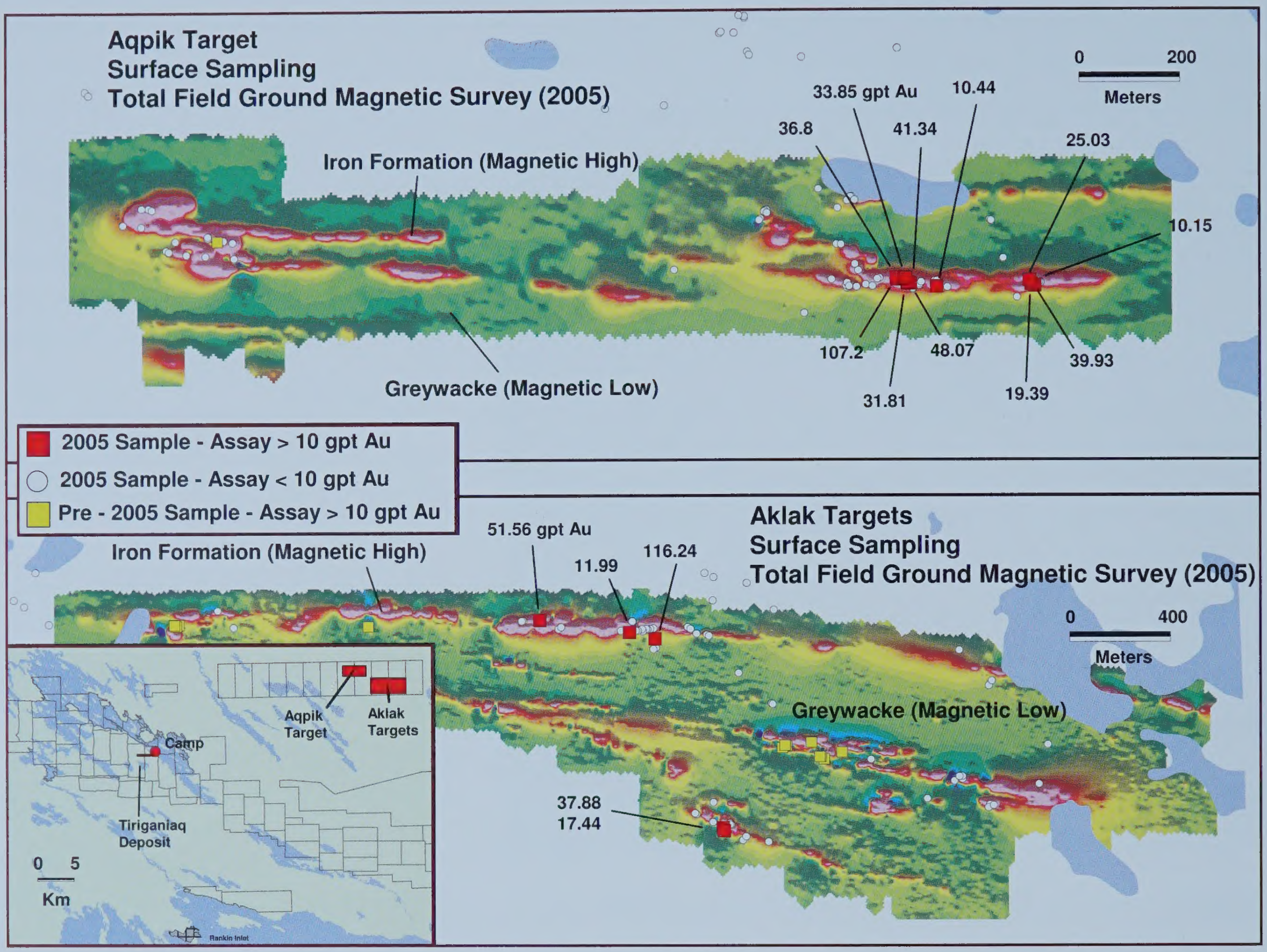
Mineral Resource below 150 meters down

Category	Cut-off (gpt Au)	Tonnes	Grade (gpt Au)	Ounces (gold)
Indicated	6.0	585,000	10.6	200,000
	6.5	**507,000**	**11.3**	**184,000**
	7.0	447,000	11.9	171,000
	7.5	416,000	12.3	164,000

Category	Cut-off (gpt Au)	Tonnes	Grade (gpt Au)	Ounces (gold)
Inferred	6.0	3,765,000	10.2	1,237,000
	6.5	**3,188,000**	**10.9**	**1,120,000**
	7.0	2,701,000	11.7	1,015,000
	7.5	2,293,000	12.5	920,000

The block grades were estimated using a combination of Multiple Indicator and Ordinary Kriging interpolation techniques. Top-cuts were applied, where required, to limit the effect of elevated gold values on the resource estimates. Details are available in a NI 43-101 technical report by Snowden on the SEDAR website.

Regional exploration targets on the Meliadine West property were also targeted in 2006. High density magnetics were completed on several new gold showings (Aklak and Aqpik) on the CWM claim block on the far east end of the property (~35 kilometers east-northeast of Tiriganiaq). The magnetics indicate that a highly deformed, but semi-continuous, iron formation package underlies the surface gold anomalies. A total of 231 samples were taken in the area in 2005. Eleven samples returned gold values of greater than 30 gmt gold (high of 116.2 gmt) and 16 samples assayed from 5 to 30 gmt gold. None of the targets have been drilled.



A total of 11 geotechnical drillholes were completed to shallow depths (maximum 30 meters) at three different locations to the immediate north of the deposit. SRK Engineering of Vancouver logged, sampled, and reported on all of the holes. The data from this study will be used to determine possible collar locations for underground ramp access to the deposit. Preliminary discussions have been conducted with several mining contractors and mining engineering groups in 2005 and 2006.

Tankage for an extra 250,000 liters of fuel was barged to Rankin Inlet in the fall of 2005. This brings the total fuel capacity for the project to 850,000 liters. Additional tanks are being contemplated for 2006, should the decision be made to advance the project to the underground exploration stage.

The 2006 exploration program on the Meliadine West property will include a diamond drill program of approximately 15,000 meters. A winter/spring drill program is scheduled for late March to test lake covered parts of the Tiriganiaq deposit, as well as water covered portions of the satellite deposits. Coincident with this program is the planned construction of a 2.0 kilometer road connecting the camp to the deposit. This road will facilitate year round access between the two areas. The summer 2006 exploration program will include another significant drill program on both the Tiriganiaq deposit and on additional proximal targets within five kilometers of the Tiriganiaq deposit.

At present, a diamond drill, fuel, and supplies are being mobilized to the far eastern end of the property in anticipation of a summer drill program to test the high grade gold discoveries of 2005 (the Aklak and Aqpik Showings). A minimum of 2,500 meters is planned for these targets. Reconnaissance surface work is also proposed for several targets on the western end of the property. This will include mapping, sampling and surface geophysics.

The proximity of the Tiriganiaq deposit to Rankin Inlet is a tremendous logistical and strategic advantage in the development of a potential mine on the property. Discussions with local businesses and various governmental agencies are on-going to develop synergies and cost saving strategies that will have positive benefits on future capital expenditures for the project.

Comaplex is excited about the potential of the Meliadine West project and is making every effort to complete the ongoing studies, regulatory approvals, and field programs as quickly as possible to move the property towards feasibility. The Qualified Person for the Meliadine West project is Mark Balog (P.Geol.). Mr. Balog is the Vice President – Exploration for Comaplex.

Meliadine East Property (gold), Nunavut

A $125,000 program has been proposed for the Meliadine East property by joint venture partner and operator, Cumberland Resources Ltd. who has a 50 percent interest in this property (Comaplex – 50 percent) The program, as presented, is largely one of maintenance of the existing claims block. Certain marginal concessions outside of the core area that have been determined to have little to no geological potential to host economic mineral deposits, will be dropped from the portfolio.

Diamond exploration activity by un-related parties on ground peripheral to the Meliadine property continued in 2005. Review of the results of this work is routinely done by Comaplex and a resumption of diamond exploration activity on Meliadine East by Comaplex and its partner will take place should it be required. At present, this is a very low priority target. Mark Balog (P.Geol.) is the Qualified Person for the project and is the Vice President – Exploration for Comaplex.

Caballo Blanco Property (gold), Mexico

Diamond drilling on the Caballo Blanco property for the 2005 season began in May. Three holes totaling 523 meters were drilled from the same location on the top of a mountain in the Northern Zone. Difficulties were encountered with two of the holes, resulting in only one drillhole reaching the targeted depth. A total of 1,500 meters was planned for the program, but further drilling was not possible due to the intensity of the rainy season. The target of the current drilling is a high sulphidation gold deposit of the Yanacocha or El Sauzel type. There was no previous drilling in the Northern zone.

Drilling in this area of the property is extraordinarily slow and logistically difficult due to the extremely hard and broken nature of the rock. The goal was to penetrate a non-gold bearing massive silica layer that overlies the target horizon of vuggy silica breccias. This rock assemblage is characteristic of this deposit type and is common over much of the Northern Zone at Caballo Blanco.

Drilling to date indicates a massive silica layer, that varies in thickness from 31 to 76 meters (true horizontal thickness), overlies the target horizon. Drillhole CB05-3 was the only hole completed to target depth that cut the entire stratigraphic package (the hole ended at 314.0 meters). A 124 meter thick horizon (true thickness 96 meters) of strongly brecciated and vuggy silica was intersected below the massive silica horizon from 76-200 meters. The upper 32 meters of this material (76-108 meters) returned 2.6 gmt gold over 32.0 meters. All samples are two meters in length. Lower grade gold values of 0.12 gmt to 1.0 gmt gold were recovered from 108-200 meters in brecciated and vuggy quartz. Strongly argillized volcanics occurs below 200 meters.

Drilling at Caballo Blanco

Hole CB05-1 cut 76 meters of un-mineralized massive silica before passing into massive silica breccias which continued until the hole was lost at 136.5 meters. Weakly consistent gold values of <300 ppb gold were returned. Hole CB05-2 was drilled to the east down a ridge off the mountain to a depth of 72 meters, before it was lost. It intersected 34 meters of massive silica followed by 38 meters of variably brecciated and vuggy silica rock. Consistent low grade gold values in the 114 to 688 ppb gold range were recovered over the entire section of brecciated material.

Surface geochemical sampling of other potential high sulphidation gold targets on the Caballo Blanco property was completed in 2006. A total of 592 grab and chip samples were taken during the 2006 field season. Background gold values were returned from all but two areas in the Northern Zone, where strong silicification returned gold values of up to 6.1 gmt gold. Targeted grab sampling of areas of brecciated to vuggy silica clearly resulted in higher grade gold values in the +100 ppb range. These samples are located all around the peak of Cerro La Cruz, the location of the above described 2005 drilling.

Comaplex is entering the final year of a four year option on the Caballo Blanco gold property. An option to earn a 60% interest in the project by spending $2,000,000 US will likely be completed after the first half of the 2006 program is completed. A total of $746,000 was spent by Comaplex on the property in 2005.

Mark Balog (P.Geol.) is the Qualified Person for the Caballo Blanco project and is the Vice President – Exploration for Comaplex Minerals Corp.

Southampton Island (diamonds), Nunavut

A total of $182,054 was spent on the Southampton Island prospecting permits in 2005 by Comaplex. This involved detailed till sampling (83 samples) in 6 different areas of the property to follow-up on previous anomalies. Based on kimberlite indicator recoveries, principally ilmenite, one of the areas is more prospective and follow up work concentrated mainly on this area. Mineral analysis of the chemistry of the ilmenite and scattered garnet, olivine, and chromite grains was undertaken. Results of this work have not yet been received.

To further evaluate this ground a high resolution, fixed wing aeromagnetic survey was conducted over the area. A total of 626.5 line kilometers of magnetics were flown at 100 meter line spacing. The survey revealed two moderate to strong linear features that cross-cut the regional fabric of the rock, suggestive of potential dike-like bodies. Ground truthing of these anomalies, in conjunction with additional sampling, is warranted and will be conducted in a program in 2006.

One of the prospecting permits was determined to hold little exploration potential and was dropped from the land package. The Southampton property now consists of 8 permits totaling 250,443 acres. Details about the 2006 program will be determined when all results from the 2005 work program have been received and interpreted. The Qualified Person for the Meliadine West project is Mark Balog (P.Geol.). Mr. Balog is the Vice President – Exploration for Comaplex.

Other Properties

The German gold property that is under option to a junior minerals company was drill tested in 2005. Three holes were drilled totalling 2,052 meters with mixed results. The optionee has not advised Comaplex with regard to its 2006 plans for this property. Comaplex has a 67.5% interest in the property. Mark Balog, Vice President – Exploration for Comaplex is the Qualified Person for the Timmins projects.

Comaplex has numerous other mineral exploration properties located in Ontario, Nunavut, Newfoundland, and the Northwest Territories that are at various stages of exploration. Options to interested parties and/or further exploration on these properties will continue in 2006 as opportunities to do so present themselves.

General

Comaplex's approach of funding mineral exploration from the profits of oil and gas production is unique within the mineral industry. The cash flow provided by its petroleum interests allow the Company to aggressively pursue quality mineral properties through both internal generation of prospects and through the optioning of these plays from reputable companies. Comaplex will continue to acquire and explore early stage, high quality exploration projects as it develops the Meliadine West project.

This report dated March 17, 2006 is a review of the operations, current financial position and outlook for Comaplex Minerals Corp. (the "Company" or "Comaplex") and should be read in conjunction with the audited financial statements for the year ended December 31, 2005, together with the notes related thereto.

Forward-Looking Information

Certain information set forth in this document, including management's assessment of Comaplex Minerals Corp. ("the Company" or "Comaplex") future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Comaplex's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Comaplex's actual results, performance or achievement could differ materially from thosed expressed in, or implied by these forward-looking statements, and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that the Company will derive there from. Comaplex disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned that net present value of reserves does not represent fair market value of reserves.

Annual Financial and Operational Highlights

	2005	2004	2003
Financial ($000, except $ per share)			
Net Revenue			
Mineral Division	486	1,937	2,591
Oil and Gas Division	4,191	3,570	2,582
Funds Flow from Operations (1)	2,935	2,241	2,384
Per Share Basic	0.08	0.06	0.08
Per Share Diluted	0.08	0.06	0.08
Net Earnings	3,589	2,464	2,379
Per Share Basic	0.09	0.07	0.08
Per Share Diluted	0.09	0.07	0.08
Capital Expenditures and Acquisitions			
Mineral Division	6,982	4,336	17,227
Oil and Gas Division	52	167	320
Total Assets			
Mineral Division	49,022	37,811	33,392
Oil and Gas Division	5,134	4,119	4,634
Oil and Gas Operations			
Barrel of Oil Equivalent (BOE) per day (2)	227	251	244

(1) Funds flow from operations is not a recognized measure under GAAP. Management believes that in addition to net earnings, funds flow from operations is a useful supplemental measure as it demonstrates the Company's ability to generate the cash necessary to fund future growth through capital investment. Investors are cautioned, however, that this measure should not be construed as an indication of the Company's performance. The Company's method of calculating this measure may differ from other issuers and accordingly, it may not be comparable to that used by other issuers. For these purposes, the Company defines funds flow from operations as funds provided by operations before changes in non-cash operating working capital items.

(2) BOE's are calculated using a conversion ratio of 6 MCF to 1 barrel of oil. The conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead and as such may be misleading if used in isolation.

Quarterly Financial and Operational Highlights

	2005				2004			
	4TH	3RD	2ND	1ST	4TH	3RD	2ND	1ST
Financial ($000, except $ per share)								
Net Revenue								
Mineral Division	90	98	254	44	265	532	662	478
Oil and Gas Division	1,457	1,047	742	945	973	1,069	779	749
Funds Flow from Operations	1,194	839	587	315	795	532	423	491
Per Share Basic	0.03	0.02	0.02	0.01	0.02	0.02	0.01	0.01
Per Share Diluted	0.03	0.02	0.01	0.01	0.02	0.02	0.01	0.01
Net Earnings	2,784	210	239	356	799	619	754	292
Per Share Basic	0.07	0.01	0.01	0.01	0.02	0.02	0.02	0.01
Per Share Diluted	0.07	0.01	0.01	0.01	0.02	0.02	0.02	0.01
Capital Expenditures and Acquisitions								
Mineral Division	650	4,095	1,045	1,192	632	2,412	355	938
Oil and Gas Division	(38)	68	32	(10)	29	50	20	68
Oil and Gas Operations								
Barrel of Oil Equivalent (BOE) per day	247	230	191	239	277	244	235	248

Officers Certification of Evaluation of Disclosure Controls

The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2005 and have concluded that such disclosure controls were effective to provide reasonable assurance that material information relating to the Company or its subsidiaries is made known to them.

Results of Operations

Business Synopsis

Comaplex's principal business is the exploration and development of both base and precious metal properties. The Company, however, also has interests in four, non-operated, oil and natural gas producing properties that provide operating cash flow to cover administrative costs, mineral property acquisition costs and grass roots exploration activities.

Revenue

Mineral Properties

Gross revenue from the Company's mineral division totalled $486,000 in 2005 compared to $1,937,000 in 2004. The decline resulted from a reduction in the gain on sale of investments from $1,582,000 in 2004 to $136,000 in 2005. The gains resulted from the sale of shares that the Company held in various other public minerals companies. The Company continues to hold interests in various public mineral companies with the fair market value of these investments as of December 31, 2005 of $691,000 (2004 – $751,000).

The Company also received option payments totalling $42,000 (2004 – $185,000) with respect to various mineral properties that have been optioned.

Interest income of $258,000 (2004 – $132,000) result from interest earned from cash balances. The increase was due primarily to additional funds received in March 2005 from a private placement of 2,428,571 common shares for gross proceeds of $8,500,000. Please refer to Liquidity and Capital Resources for further details.

Commencing in 2005, the Company received a gold production royalty from one of its Quebec properties. This interest was acquired as part of the WMC International Limited (WMC) merger in 2003. The royalty which is a flat fee for each tonne of ore produced through a mill is currently payable by a company who went into receivership on June 30, 2005. The amount of $50,000 that has been received relates to cash received by Comaplex, for July to December 2005 production, from the company subsequent to its filing for receivership. A further $65,000 relating to 2005 production has not been recorded as the amount arose prior to the company going into receivership and there will be some difficulty and costs in attempting to collect this amount.

Petroleum and Natural Gas

Revenue from the Company's petroleum and natural gas properties increased from $3,646,000 in 2004 to $4,402,000 in 2005. Natural gas prices increased to $8.69 in 2005 from $6.44 in 2004. The Company did not have any commodity hedges in place during 2005 or 2004 and as such incurred no hedging loss. Fourth quarter production revenue was $1,561,000, an overall increase of approximately $377,000 over the third quarter. The increase was due to increased production (see below) and increased natural gas prices to $11.84 per MCF from $8.79 per MCF in the third quarter.

Production volumes decreased approximately 10 percent. The Company anticipates a normal decline rate of 12 to 13 percent on its oil and gas production. During the fourth quarter of 2005, the operator of one of the Company's oil and gas properties conducted a well and facility optimization program resulting in an increase net to Comaplex of approximately 20 BOE per day for the fourth quarter.

Comaplex is eligible for a partial rebate on all of the Alberta Crown royalties that it pays. This rebate program (the Alberta Royalty Tax Credit) provided the Company with total credits of $179,000 in 2005 compared to $167,000 in 2004.

The Company reported a gain on sale of investments of $210,000 resulting from its disposition of its interest in Novitas Energy Ltd. (a company with common directors and officers) to Bonterra Energy Income Trust (Bonterra). During 2004, the Company sold a portion of the units it holds in Bonterra for a gain of $304,000. The Company continues to hold 204,633 (2004 – 154,561) units in Bonterra which have a fair market value as of December 31, 2005 of $4,829,000 (2004 – $3,879,000). Bonterra is a publically traded oil and gas income trust that trades on the Toronto Stock Exchange. Bonterra has common directors and management with Comaplex.

Trust distribution income from Bonterra for 2005 amounted to $429,000 compared to $307,000 in 2004. The increase of $122,000 is due primarily to an increase of $0.49 per unit pay out by Bonterra in 2005 compared to 2004. Fourth quarter distributions totalled $174,000 compared to $107,000 in the third quarter as Bonterra declares its January distribution on December 31, 2005, resulting in four distributions being recorded in the fourth quarter.

Expenses

Mineral Properties – General and Administrative

General and administrative expenses related to mineral exploration increased to $759,000 in 2005 from $737,000 in 2004. Total minerals division general and administrative expenses prior to capitalization were $1,017,000 compared to $1,035,000 in 2004. The Company capitalized $258,000 (2004 – $298,000) of general and administrative expenses directly related to the Company's mineral exploration activities. Modest decreases in salary compensation ($12,000) were offset by increased office overhead costs and stock exchange fees.

Fourth quarter general and administration expenses increased to $217,000 from $167,000 in the third quarter. The increase was due primarily to increased salary compensation relating to the Company's bonus plan as net earnings were approximately $600,000 greater in the fourth quarter than the third quarter.

Petroleum and Natural Gas Properties – Production Costs

Comaplex incurred $504,000 in petroleum and natural gas production costs in 2005 compared to $552,000 in 2004. On a barrel of oil equivalent basis using a conversion of 6 MCF of gas to 1 barrel of crude oil, average production costs were $6.09 in 2005 compared to $6.00 in 2004.

Petroleum and Natural Gas Properties – General and Administrative Costs

General and administrative costs increased from $88,000 in 2004 to $118,000 in 2005. The increase in general and administration costs for the oil and gas division relates to recording the costs of both the 2004 and 2005 engineering reports in 2005. The 2005 report was substantially completed prior to year end, whereas, preparation of the 2004 report did not commence until early 2005. An independent third party oil and gas engineering report is required annually to be in compliance with security commissions continuous disclosure rules.

The Company continues to have nominal general and administrative costs relative to its petroleum and natural gas operations as it does not operate any of its petroleum and natural gas properties.

Stock Based Compensation

Stock based compensation declined to $164,000 in 2005 from $446,000 for 2004. The decline was due primarily to the cancellation of 90,000 stock options and the requirement of recording higher stock based compensation in the first year following the issuance of stock options as required by Canadian generally accepted accounting principles.

A total of 60,000 options were issued in 2005. The fair value of the options was estimated at the date they were granted using the Black-Scholes option pricing model with the following key assumptions:

Weighted-average risk free interest rate (%)	3.50
Dividend yield (%)	0.00
Expected life (years)	4.50
Weighted-average volatility (%)	57.28

The result of applying the above, a total stock based compensation of $1,111,000, based on currently issued and outstanding options, is required to be recorded over the years 2003 to 2007. Stock based compensation of $1,024,000 has been recorded to date.

Depletion, Depreciation, Accretion and Abandonment

Mineral Exploration – Abandonment of Claims

Abandonment of mineral properties increased to $317,000 in 2005 from $198,000 in 2004. The current year provision relates to certain 2005 expenditures incurred by the Company on a small portion of its Mexico gold property. The Company's policy with regard to abandonment provision is to reduce the carried value of properties if management determines prior capitalized costs are greater than realizable value.

The Company also recorded a depletion provision of $111,000 related to its mineral production royalty. The provision represents one quarter of the value attributable to the royalty at the time of the Company's merger with WMC.

Petroleum and Natural Gas

The Company follows the successful efforts method of accounting for petroleum and natural gas exploration and development costs. Under this method, the costs associated with dry holes are charged to operations. For intangible capital costs that result in the addition of reserves, the Company depletes its oil and natural gas intangible assets using the unit-of-production basis by field. The Company believes that the successful efforts method of accounting provides a more accurate cost of the producing properties than the alternative measure of full cost accounting.

For tangible assets such as well equipment, a life span of ten years is estimated and the related tangible costs are depreciated at one-tenth of original cost per year. The use of a ten year life span instead of calculating depreciation over the life of reserves was determined to be more representative of actual costs of tangible property. Given the Company's long production life, wells and plants generally require replacement of some tangible assets more than once during their lifespan.

Provisions are made for asset retirement obligations for the Company's oil and gas and mineral properties. The amount of the asset retirement obligations is based on management's estimation of the discounted amount of the total abandonment and site reclamation costs to be incurred using escalating cost assumptions. The calculated amount is required to be recorded with an offset to the cost of the related intangible assets. The adjustment to the intangible assets is depleted as per the above discussion. A charge (accretion expense) related to the discounting of the asset retirement obligation is made each year.

At December 31, 2005, the estimated total (mineral and oil and gas) undiscounted amount required to settle the asset retirement obligations was $704,000 (2004 - $1,604,000). The obligation has been reduced significantly due to anticipated cost reductions on the abandonment of the Meliadine camp site. These obligations will be settled based on the useful lives of the underlying assets, which extend up to 30 years into the future. This amount has been discounted using a credit adjusted risk-free interest rate of 5 percent. The discount rate is reviewed annually and adjusted if considered necessary. A change in the rate would not have a significant impact on the amount recorded for asset retirement obligations. Based on the above estimates the Company has recorded a liability for asset retirement obligations in respect of its mineral operations of $354,000 related to its Meliadine project and $159,000 in respect of its oil and gas operations.

Depletion, depreciation and accretion expenses related to oil and gas assets were $558,000 in 2005 compared to $577,000 in 2004. These calculations require an estimation of the amount of the Company's petroleum reserves by field. This figure is calculated annually by an independent engineering firm and any adjustments are used to recalculate depletion and asset retirement obligations. This calculation is to a large extent subjective. Reserves are affected by economic assumptions as well as estimates of petroleum products in place and methods of recovering those reserves. When reserves are increased or decreased depletion costs generally will be affected.

Income Taxes

The Company has no current income tax expense. Comaplex has sufficient tax pools to ensure that no current income taxes are payable. With the increase in the amount of the capital tax exemption to $50,000,000, the Company has no capital tax payable in 2005.

The Company has adopted the tax payable method of accounting for income taxes under which the income tax provision is based on the temporary differences in the accounts calculated using income tax rates expected to apply in the year in which the temporary differences will reverse. Future income tax recovery of $1,463,000 was incurred in 2005 compared to future income tax expense of $427,000 in 2004. The large 2005 future income tax recovery was due to the ability to record as a future tax asset a larger portion of its unsuccessored income tax pools (see below) due to the enhanced value of its oil and gas reserves (see Liquidity and Capital Resources)

As part of the WMC transaction in 2003, the Company issued $5,000,000 worth of flow-through shares. In 2004 the Company renounced $2,700,000 and renounced the balance of $2,300,000 in 2005.

The tax pool balances at the end of 2005 after taking into account the above 2005 renouncement totalled $68,046,000 and consist of the following pool balances.

	Rate of Utilization %	Amount ($000)
Undepreciated capital costs	10-100	445
Foreign exploration expenditures	10	2,063
Share issue costs	20	145
Earned depletion expenses (successored)	25	2,299
Canadian development expenditures	30	17,084
Non-capital loss carried forward	100	6,750
Canadian exploration expenditures (successored)	100	33,368
Canadian exploration expenditures	100	5,892
		$68,046

The ability to claim the above successored amounts is restricted to income from 56 percent of the Meliadine property obtained in the transaction with WMC.

Net Earnings

The Company earned $3,589,000 in 2005 compared to $2,464,000 in 2004. The increase in net earnings was due to increases in oil and gas revenue and future income tax recovery offset by reductions in gain on sale of investments.

The Company continues to hold a significant amount of marketable investments that have a value in excess of their recorded amounts. In addition, high commodity prices continue to generate significant oil and gas earnings.

Funds Flow from Operations

Funds flow from operations increased to $2,935,000 in 2005 from $2,241,000 in 2004. Funds flow from operations is not a recognized measure under GAAP. Management believes that in addition to net earnings, funds flow from operations is a useful supplemental measure as it demonstrates the Company's ability to generate the cash necessary to fund future growth through capital investment. Investors are cautioned, however, that this measure should not be construed as an indication of the Company's performance. The Company's

method of calculating this measure may differ from other issuers and accordingly, it may not be comparable to that used by other issuers. For these purposes, the Company defines funds flow from operations as funds provided by operations before changes in non-cash operating working capital items.

Petroleum and natural gas operations generated all of the funds flow. The Company is still in the exploration and preliminary development stage with its mineral properties, and therefore, these properties generate minimum funds flow.

Liquidity and Capital Resources

Management of Comaplex is pleased with the current financial position of the Company and believes that it is one of the strongest in the junior mineral sector. At December 31, 2005, the Company had a working capital position of $12,119,000 (2004 – $7,510,000) without adjusting for the fair market value of its investments. Total working capital including the investment market value adjustment was $15,228,000 (2004 – $10,952,000).

The Company currently has a projected capital expenditure budget of $7,565,000 for the Meliadine West and East projects. A further $795,000 is planned to be spent on the Company's Caballo Blanco project and miscellaneous other exploration plays in 2006. All planned expenditures will be funded out of the Company's working capital and anticipated funds flow from oil and gas operations.

The Company engaged the services of Sproule Associates Limited to prepare a reserve evaluation with an effective date of December 31, 2005. The reserves are located in the Province of Alberta. The majority of the Company's production is comprised of natural gas. Comaplex's main natural gas producing properties are the Harmattan Elkton and Garrington Elkton Units. The gross figures in the following charts represent the Company's ownership interest before royalties and the net figure is after royalties.

Summary of Oil and Gas Reserves as of December 31, 2005 (Forecast Prices and Costs)

Reserves

	Natural Gas		Natural Gas Liquids	
Reserve Catagory	Gross (MMcf)	Net (MMcf)	Gross (Mbbl)	Net (Mbbl)
Proved Developed Producing	2,561	1,949	134	95
Probable	699	525	34	23
Total Proved Plus Probable	3,260	2,474	168	118

Summary of Net Present Values of Future Net Revenue as at December 31, 2005 (Forecast Prices and Costs)

	Net Present Value of Future Net Revenue Before and After Income Taxes Discounted at (%/year)				
($000's) Reserve Category	0	5	10	15	20
Proved developed producing	16,377	13,400	11,432	10,044	9,014
Probable	4,035	2,441	1,638	1,189	918
Total proved plus probable	20,412	15,841	13,070	11,233	9,932

Commodity prices used in the above calculations of reserves are as follows:

Year	Edmonton Par Price (Cdn $ per barrel)	Alberta Gas Reference Price Plantgate (Cdn $ per MCF)	Propane (Cdn $ per barrel)	Butane (Cdn $ per barrel)	Pentane (Cdn $ per barrel)
2006	70.07	11.37	39.25	47.01	71.77
2007	70.99	10.63	39.76	47.62	72.71
2008	62.73	8.76	35.14	42.08	64.25
2009	57.53	7.69	32.22	38.59	58.92
2010	54.65	7.39	30.61	36.66	55.97
2011	55.47	7.52	31.07	37.21	56.81
2012	56.31	7.63	31.54	37.77	57.67
2013	57.16	7.77	32.01	38.34	58.54
2014	58.02	7.90	32.50	38.92	59.42
2015	58.89	8.04	32.99	39.51	60.31
2016	59.78	8.18	33.48	40.10	61.22

Crude oil, natural gas and liquid prices escalate at various rates thereafter.

The following cautionary statements are specifically required by NI 51-101:

- It should not be assumed that the estimates of future net revenue presented in the above tables represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material.
- Disclosure provided herein in respect of BOE's may be misleading, particularly if used in isolation. In accordance with NI 51-101, a BOE conversion ratio of 6mcf:1bbl has been used in all cases in this disclosure. This BOE conversion ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
- Estimates of reserves and future net revenues for individual properties may not reflect the same confidence level as estimates of reserves and future net revenues for all properties due to the effects of aggregation.

The following exploration programs were conducted on the Company's mineral projects. Total exploration and administrative costs incurred by Comaplex in 2005 were as follows:

Property	Amount ($000)
Meliadine	6,046
Caballo Blanco, Mexico	746
Other	190
Total	**6,982**

The Company has no contractual obligations that last more than a year other than its requirement to make option payments to retain its rights to the Meliadine property and Caballo Blanco property, as follows:

Meliadine		Caballo Blanco	
Date	**Payment ($)**	**Date**	**Payment ($)**
Jan 1, 2006	1,500,000	February 26, 2006	60,000 US
Jan 1, 2007 etc.	1,500,000 plus a CPI adjustment	February 26, 2007	126,000 US (1)

(1) Assumes the Company will earn in on its 60 percent of the property prior to February 26, 2007.

The Company's authorized capital consists of an unlimited number of common shares without nominal or par value as well as an unlimited number of first preferred shares. As of December 31, 2005 no first preferred shares have been issued. A summary of the issued status of the common shares and changes for the years ended December 31 follow:

	2005		2004	
	Number	Amount ($000)	Number	Amount ($000)
Common Shares				
Balance, beginning of year	36,119,400	34,702	36,056,400	34,580
Issued pursuant to private placement	2,428,571	8,500	—	—
Issue costs on private placement	—	(30)	—	—
Issued on exercise of stock options	21,000	26	63,000	79
Transfer of contributed surplus to share capital	—	14	—	43
Future tax adjustment on shares issued cost	—	10	—	—
Balance, end of year	38,568,971	43,222	36,119,400	34,702

On March 7, 2005, the Company completed a private placement with an indirect wholly-owned subsidiary of Gold Fields Limited (Gold Fields) for 2,428,571 common shares at a price of $3.50 per common share for aggregate gross proceeds of $8,500,000. The proceeds of the placement were directed to the further exploration and development of the Meliadine properties. In connection with the private placement, the Company and Gold Fields entered into a Technical Assistance Agreement under which Gold Fields provided technical assistance in the planning and execution of the 2005 advanced exploration program on the Meliadine West and other properties

The Company provides a stock option plan for its directors, officers, employees and consultants. Under the plan, the Company may grant options for up to 2,700,000 shares of common stock. The exercise price of each option granted equals the market price of the Company's stock on the date of grant and the option's maximum term is five years. Options vest one-third each year for the first three years of the option term.

A summary of the status of the Company's stock option plan as of December 31, 2005 and 2004, and changes during the years ending on those dates is presented below:

Options	2005 Shares	2005 Weighted Average Exercise Price ($)	2004 Shares	2004 Weighted Average Exercise Price ($)
Outstanding at beginning of year	1,531,000	1.28	1,612,000	1.28
Options issued	60,000	2.70	—	—
Options exercised	(21,000)	1.25	(63,000)	1.25
Options cancelled	(102,000)	1.25	(18,000)	1.25
Outstanding at end of year	1,468,000	1.34	1,531,000	1.28
Options exercisable at end of year	933,666	1.28	468,333	1.28

The following table summarizes information about stock options outstanding at December 31, 2005:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices ($)	Number Outstanding At 12/31/05	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price ($)	Number Exercisable At 12/31/05	Weighted-Average Exercise Price ($)
1.25	1,393,000	1.2 years	1.25	923,666	1.25
2.70	60,000	4.3 years	2.70	—	—
4.00	15,000	1.3 years	4.00	10,000	4.00
1.25 to 4.00	1,468,000	1.3 years	1.34	933,666	1.28

Business Prospects, Risks, and Outlooks

There are a number of risks associated with the natural resource business. These risks, among others, include the effects of changing market conditions including price fluctuations for commodities, the uncertainty of finding sufficient reserves for economic production, competition amongst mineral companies for viable projects, the risks inherent in drilling operations, and increasing environmental requirements.

While the Company cannot control the effects of market fluctuations, risks can be minimized or reduced in some areas. The Company reduces risks by high grading prospects through extensive geological analysis prior to drilling programs, by maintaining stringent safety standards and appropriate liability coverage during drilling, by ensuring the Company is properly financed and has adequate working capital, by marketing its gas through both long term gas sales contracts and spot price market sales, and by entering into future price agreements for a portion of its gas production for future periods. For the years ended December 31, 2005 and 2004, the Company had no future price agreements in place.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

Deloitte & Touche LLP have been appointed by the shareholders to serve as the Company's external auditors. They have examined the financial statements and provided their auditors' report. The audit committee has reviewed these financial statements with management and the auditors, and has reported to the Board of Directors. The Board of Directors has approved the financial statements as presented in this annual report.

George F. Fink
President and CEO

Garth E. Schultz
Vice President, Finance and CFO

To the Shareholders of Comaplex Minerals Corp.:

We have audited the consolidated balance sheets of Comaplex Minerals Corp. as at December 31, 2005 and 2004 and the consolidated statements of earnings and retained earnings and cash flow for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Calgary, Alberta
March 17, 2006

As at December 31 ($000)	2005	2004
Assets		
Current		
Cash (Note 6)	9,430	6,244
Accounts receivable	686	511
Prepaid expenses	404	261
Investments (at cost; quoted market value at December 31, 2005 – $5,673,000 December 31, 2004 – $4,908,000) (Note 2)	2,564	1,466
	13,084	8,482
Future income tax asset (Note 3)	3,413	2,812
Property and equipment (Note 4)		
Property and equipment	43,996	36,328
Accumulated depletion, depreciation and amortization	(6,337)	(5,692)
	37,659	30,636
	54,156	41,930
Liabilities		
Current		
Accounts payable and accrued liabilities	965	972
Asset retirement obligations (Note 7)	513	539
	1,478	1,511
Shareholders' Equity		
Share capital (Note 5)	43,222	34,702
Contributed surplus	1,917	1,767
Retained earnings	7,539	3,950
	52,678	40,419
	54,156	41,930

On behalf of the Board:

Director

Director

Years ended December 31 ($000, except $ per share)	2005	2004
Revenue		
Mineral division		
Mineral property options	42	185
Interest	258	132
Mineral production royalty	50	—
Consulting and other	—	38
Gain on sale of investment	136	1,582
	486	1,937
Oil and gas division		
Oil and gas sales	4,402	3,646
Royalties	(1,029)	(855)
Alberta royalty tax credit	179	167
Gain on sale of investments	210	304
Trust distributions (Note 2)	429	307
Other income	—	1
	4,191	3,570
	4,677	5,507
Expenses		
Oil and gas production costs	504	552
General and administrative		
Minerals division	759	737
Oil and gas division	118	88
Foreign exchange loss	15	9
Stock based compensation	164	446
Depletion, depreciation and accretion	674	592
Abandonment of mineral properties	317	198
	2,551	2,622
Earnings before taxes	2,126	2,885
Income taxes (recovery) (Note 3)		
Current	—	(6)
Future	(1,463)	427
	(1,463)	421
Net earnings for the year	3,589	2,464
Retained earnings, beginning of year	3,950	1,486
Retained earnings, end of year	7,539	3,950
Net earnings per share – basic	0.09	0.07
Net earnings per share – diluted	0.09	0.07

Years ended December 31 ($000)	2005	2004
Operating Activities		
Net earnings	3,589	2,464
Items not affecting cash		
Gain on sale of investments	(346)	(1,886)
Stock based compensation	164	446
Depletion, depreciation and accretion	674	592
Abandonment of mineral properties	317	198
Future income taxes	(1,463)	427
	2,935	2,241
Changes in non-cash operating working capital items		
Accounts receivable	(175)	(283)
Prepaid expenses	(143)	(17)
Accounts payable and accrued liabilities	(7)	485
Asset retirement obligations settled (Note 7)	(134)	(34)
	(459)	151
	2,476	2,392
Financing Activities		
Decrease in loan receivable (Note 2)	—	3,750
Issue of shares pursuant to private placement (Note 5)	8,500	—
Share issue costs (Note 5)	(30)	—
Issue of shares under employee stock option plan	26	79
	8,496	3,829
Investing Activities		
Mineral exploration property and equipment expenditures	(6,982)	(4,336)
Oil and gas property and equipment expenditures	(52)	(167)
Investments purchased	(1,157)	(119)
Investments sold	405	2,168
	(7,786)	(2,454)
Net cash inflow	3,186	3,767
Cash, beginning of the year	6,244	2,477
Cash, end of the year	9,430	6,244
Cash, interest paid	—	—
Cash, taxes paid (received)	—	(6)

Years Ended December 31, 2005 and 2004

1. Significant Accounting Policies

Consolidated entities

These consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries WMC International Limited and Comaplex U.S. Inc.

Measurement uncertainty

The amounts recorded for depletion and depreciation of petroleum and natural gas properties and equipment and for asset retirement obligations are based on estimates of petroleum and natural gas reserves and future costs. By their nature, these estimates are subject to measurement uncertainty, and the impact on the financial statements of future periods could be material.

Property and equipment

Undeveloped Mineral Properties

All costs related to acquisition and exploration of mineral properties are capitalized. These costs are assessed quarterly for impairment. The costs of abandoned properties are charged to operations. When proved reserves are found, the related costs will be depleted on the unit-of-production basis.

Petroleum and Natural Gas Properties and Related Equipment

The Corporation follows the successful efforts method of accounting for petroleum and natural gas properties and related equipment. Property acquisitions are capitalized and the related intangible net book value is depleted on the unit-of-production basis, calculated by field. These costs are assessed quarterly for impairment. The costs of dry holes and abandoned properties are charged to operations. Geological costs, lease rentals and carrying costs are charged to income as incurred. Development costs that result in additions to proved reserves are capitalized and depleted on the unit-of-production basis. Tangible equipment is depreciated on a straight line basis over ten years.

Furniture, Equipment and Other

These assets are recorded at cost and are depreciated on a straight line basis over three to ten years.

Investments

The investments are carried at the lower of cost and market value

Income taxes

The Corporation follows the liability method of accounting for income taxes under which the income tax provision is based on the temporary differences between the amounts reported by the Corporation and their respective tax bases calculated using income tax rates expected to apply in the year in which the temporary differences will reverse.

Asset retirement obligations

The fair value of obligations associated with the retirement of tangible long-life assets are recorded in the period the asset is put into use, with a corresponding increase to the carrying amount of the related asset. The obligations recognized are statutory, contractual or

legal obligations. The liability is adjusted over time for changes in the value of the liability through accretion charges which are included in depletion, depreciation and accretion expense. The costs capitalized to the related assets are amortized to earnings in a manner consistent with the depletion and depreciation of the underlying asset.

Stock-based compensation

The Company has a stock-based compensation plan, which is described in Note 5. The Company records a compensation expense over the vesting period based on the fair value of options granted to employees, directors and consultants. These amounts are recorded as contributed surplus. Any consideration paid by employees, directors or consultants on the exercise of these options is recorded as share capital together with the related contributed surplus associated with the exercised options.

Revenue recognition

Revenues associated with sales of petroleum, natural gas and all other items are recorded when title passes to the customer. Payments received for the option to participate in the future development of mineral properties are included in revenue.

Earnings per common share

Basic earnings per share are computed by dividing earnings by the weighted average number of common shares outstanding during the year. Diluted per share amounts reflect the potential dilution that could occur if options or warrants to purchase common shares were exercised. The treasury stock method is used to determine the dilutive effect of stock options and warrants, whereby proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the year.

The number of shares used to calculate diluted earnings per share for the year ended December 31, 2005 of 38,920,948 (2004 – 37,032,654) included the weighted average number of shares outstanding of 38,120,097 (2004 – 36,083,762) plus 800,851 (2004 – 948,892) shares related to the dilutive effect of stock options.

2. Related Parties

The Corporation paid a management fee to Comstate Resources Ltd. (Comstate) (a wholly owned subsidiary of Bonterra Energy Income Trust (Bonterra) a publicly traded oil and gas income trust on the Toronto Stock Exchange) a company with common directors and management, of $240,000 (2004 – $240,000). In addition, Comstate owns 689,682 (December 31, 2004 – 689,682) shares in the Corporation. Comstate is the administrator for Bonterra. Services provided by Comstate include executive services (president and vice president, finance duties), accounting services, oil and gas administration and office administration.

As at December 31, 2005 the Corporation had an accounts payable to Comstate of $29,000 (December 31, 2004 – $45,000).

The Corporation owns at December 31, 2005, 204,633 (December 31, 2004 – 154,561) units in Bonterra representing just over one percent of the outstanding units of Bonterra. On January 7, 2005, the Company disposed of its shares in Novitas Energy Ltd. (Novitas) pursuant to a takeover offer issued by Bonterra to all shareholders of Novitas for 10,072 units of Bonterra. In June 2005, the Company acquired in the open market 20,000 additional Bonterra units at an average cost of $20.77 per unit and a further 20,000 units in the fourth quarter of 2005 at an average costs of $20.27 per unit. The units have an accounting cost of $2,321,000 (December 31, 2004 – $1,248,000) and a quoted market value of $4,829,000 (December 31, 2004 – $3,879,000). The Corporation received distributable income of $429,000 (2004 – $307,000) for the twelve month periods.

During the first quarter of 2005, the Company, due to its ownership of Novitas shares, received 277,000 rights to acquire 277,000 common shares in Pine Cliff Energy Ltd. (Pine Cliff) upon payment of $0.15 per common share. Pine Cliff has common directors and management with the Company. The Company exercised its rights. Pine Cliff became a public company on April 11, 2005 and currently trades on the TSX Venture Exchange. As of December 31, 2005, the shares had a quoted market value of $152,000. The Company's ownership of 277,000 common shares represents less than one percent of the total issued and outstanding common shares of Pine Cliff.

3. Income Taxes

The Corporation has recorded a future income tax asset. The asset relates to the following temporary differences:

($000)	2005 Amount	2004 Amount
Temporary differences related to:		
Property and equipment	837	235
Asset retirement obligation	174	182
Share issue costs	49	61
Losses carried forward (expire 2010)	2,282	2,295
Other	71	39
	3,413	2,812

Income tax expense varies from the amounts that would be computed by applying Canadian federal and provincial income tax rates as follows:

($000)	2005	2004
Earnings before taxes	2,126	2,885
Combined federal and provincial income tax rates	37.5%	38.79%
Income tax provision calculated using statutory tax rates	797	1,119
Stock based compensation	62	173
Non-deductible Crown royalties	190	214
Non-taxable portion of capital gains	(65)	(378)
Resource allowance	(189)	(162)
Provincial tax credits and rebates	(55)	(49)
Additional tax pools considered more likely than not to be realized	(2,235)	(361)
Depletion of consolidated asset adjustment	41	—
Rate adjustment	—	(119)
Capital tax	—	(6)
Other	(9)	(10)
Income tax expense (recovery)	(1,463)	421

The Corporation has the following tax pools which may be used to reduce taxable income in future years, limited to the applicable rates of utilization:

	Rate of Utilization %	Amount ($000)
Undepreciated capital costs	10 – 100	445
Foreign exploration expenditures	10	2,063
Share issue costs	20	145
Earned depletion expenses (successored)	25	2,299
Canadian development expenditures	30	17,084
Non-capital losses carried forward	100	6,750
Canadian exploration expenditures (successored)	100	33,368
Canadian exploration expenditures	100	5,892
		68,046

The ability to claim the above successored amounts is restricted to income from 56 percent of the Meliadine property obtained in the transaction with WMC International Limited (WMC).

During 2005, the Corporation renounced $2,300,000 of Canadian exploration expenses to WMC's former parent company as required under its 2003 flow through share agreement.

4. Property and Equipment

($000)	2005 Cost	2005 Accumulated Depletion, Depreciation & Amortization	2004 Cost	2004 Accumulated Depletion, Depreciation & Amortization
Mineral properties	35,542	111	28,145	—
Petroleum and natural gas properties and related equipment	8,257	6,039	7,994	5,511
Furniture, equipment and other	197	187	189	181
	43,996	6,337	36,328	5,692

During the year, $258,000 (2004 – $298,000) of general and administrative expenses related to mineral exploration were capitalized. No general and administrative expenses related to oil and gas operations have been capitalized.

The Corporation's most significant project is the Meliadine project located in Nunavut Territory of Canada near the north western shore of Hudson Bay. The center of the property is approximately 24 km north of Rankin Inlet in the Kivalliq District. Rankin Inlet is a full service community with a population of approximately 2,500 people. It has an airstrip with landing capacity for 737 and DC-9 jets. The Rankin area can only be accessed by air or ocean-going barges. An all-weather road from Rankin ends within 15 kilometers of the property, south of the Meliadine River. Generally, access to the property is by helicopter from Rankin year round and the camp is typically supplied in winter by overland hauling with various all terrain vehicles.

Current property holdings on the Meliadine property total approximately 94,558 hectares. The property is presently under two separate agreements: the Meliadine West property in which Comaplex has a 78% interest and Cumberland Resources Ltd. (Cumberland) a 22% interest; and the Meliadine East property in which Comaplex and Cumberland each own a 50 percent working interest. The Meliadine West property consists of 51,677 hectares. Of this amount, 43,715 hectares are under Federal jurisdiction (20,619 hectares are claims, 23,096 hectares are leases) and 7962 hectares are Nunavut Tunngavik Inc. (NTI) subsurface concessions. The Meliadine East property consists of 32,885 hectares. Of these lands, 16,929 hectares in 18 claims come under the jurisdiction of the Federal Canadian Mining Regulations (leases) and 15,956 hectares come under NTI subsurface concessions.

The Corporation has capitalized costs of $33,148,000 (2004 – $26,731,000) for deferred development costs for Meliadine. No amount has been attributable to capital assets or deferred pre-operating costs. In addition, no amounts have been expensed on the project to date.

The Corporation had received option payments to date from WMC totalling $2,850,000 (December 31, 2003 - $2,850,000). The payments have been reported as income when received.

Please refer to Notes 10 and 11 regarding contractual obligations and commitments as well as contingent items regarding the Meliadine project.

5. Share Capital

Authorized

Unlimited number of common shares without nominal or par value

Unlimited number of first preferred shares

Issued	2005		2004	
($000)	Number	Amount ($)	Number	Amount ($)
Common Shares				
Balance, beginning of year	36,119,400	34,702	36,056,400	34,580
Issued pursuant to private placement	2,428,571	8,500	—	—
Issue costs on private placement	—	(30)	—	—
Issued on exercise of stock options	21,000	26	63,000	79
Transfer of contributed surplus to share capital	—	14	—	43
Future tax benefit on share issue costs	—	10	—	—
Balance, end of year	38,568,971	43,222	36,119,400	34,702

On March 7, 2005, the Corporation completed a private placement with an indirect wholly-owned subsidiary of Gold Fields Limited (Gold Fields) for 2,428,571 common shares at a price of $3.50 per common share for aggregate gross proceeds of $8,500,000. The proceeds of the placement were directed to the further exploration and development of the Meliadine properties. In connection with the private placement, the Corporation and Gold Fields entered into a Technical Assistance Agreement under which Gold Fields provided technical assistance in the planning and execution of the 2005 advanced exploration program on the Meliadine West and other properties

The Corporation provides a stock option plan for its directors, officers, employees and consultants. Under the plan, the Corporation may grant options for up to 2,700,000 shares of common stock. The exercise price of each option granted equals the market price of the Corporation's stock on the date of grant and the option's maximum term is five years. Options vest one-third each year for the first three years of the option term.

A summary of the status of the Corporation's stock option plan as of December 31, 2005 and 2004, and changes during the years ending on those dates is presented below:

	2005		2004	
Options	Shares	Weighted Average Exercise Price ($)	Shares	Weighted Average Exercise Price ($)
Outstanding at beginning of year	1,531,000	1.28	1,612,000	1.28
Options issued	60,000	2.70	—	—
Options exercised	(21,000)	1.25	(63,000)	1.25
Options cancelled	(102,000)	1.25	(18,000)	1.25
Outstanding at end of year	1,468,000	1.34	1,531,000	1.28
Options exercisable at end of year	933,666	1.28	468,333	1.28

The following table summarizes information about stock options outstanding at December 31, 2005:

	Options Outstanding			Options Exercisable	
Range of Exercise Price ($)	Number Outstanding At 12/31/05	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price ($)	Number Exercisable At 12/31/05	Weighted-Average Exercise Price ($)
1.25	1,393,000	1.2 years	1.25	923,666	1.25
2.70	60,000	4.3 years	2.70	—	—
4.00	15,000	1.3 years	4.00	10,000	4.00
1.25 to 4.00	1,468,000	1.3 years	1.34	933,666	1.28

The Corporation records compensation expense over the vesting period based on the fair value of options granted to employees, directors and consultants. The fair value of these options in 2005 was estimated at the date they were granted using the Black-Scholes option pricing model with the following key assumptions:

Weighted-average risk free interest rate(%)	3.50
Dividend yield (%)	0.00
Expected life (years)	4.50
Weighted-average volatility (%)	57.28

6. Committed Cash

On March 24, 2004, the Corporation requested its principal banker to issue an irrevocable standby letter of credit (LC) in the amount of $950,000 to the Kivalliq Inuit Association (KIA). The LC was provided to KIA as security for potential reclamation costs associated with the Meliadine West camp as well as certain other specified lands held on the Meliadine lease. Security provided by the Corporation to its principal banker consists of a commitment to maintain a balance of $1,750,000 Cdn in the Corporation's Canadian bank account.

7. Asset Retirement Obligation

At December 31, 2005, the estimated total undiscounted amount required to settle the asset retirement obligation was $704,000 (2004 – $1,604,000). Costs for asset retirement have been calculated assuning a 2.5 percent inflation rate for 2006 to 2010 and 1.5 persent thereafter. These obligations will be settled based on the useful lives of the underlying assets, which extend up to 30 years into the future. This amount has been discounted using a credit-adjusted risk-free interest rate of 5 percent (2004 – 5 percent).

Changes to asset retirement obligations were as follows:

($000)	2005	2004
Asset retirement obligation, January 1	539	108
Adjustment to asset retirement obligation	78	(2)
Asset retirement obligation assumed for Meliadine	—	440
Liabilities settled during the year	(134)	(34)
Accretion	30	27
Asset retirement obligation, December 31	513	539

8. Business Segment Information

The Corporation's activities are represented by two segments comprised of mineral exploration activities and oil and gas production.

($000)	2005	2004
Gross revenue		
Mineral exploration	486	1,937
Oil and Gas	5,041	4,258
	5,527	6,195
Depletion, depreciation, accretion, and abandonment		
Mineral exploration	433	235
Oil and Gas	558	555
	991	790
Net earnings (loss) for the year		
Mineral exploration	(553)	436
Oil and Gas	4,142	2,028
	3,589	2,464
Property and equipment expenditures for the year		
Mineral exploration	6,982	4,336
Oil and gas	52	167
	7,034	4,503
Total assets		
Mineral exploration	49,022	37,811
Oil and gas	5,134	4,119
	54,156	41,930

9. Financial Instruments

Fair Values

The Corporation's financial instruments included in the balance sheets are comprised of cash, accounts receivable and current liabilities. The fair values of these financial instruments approximate their carrying value due to the short-term maturity of those instruments.

Credit Risk

Substantially all of the Corporation's accounts receivable are due from customers in the oil and gas and mineral industries and are subject to normal industry credit risks. The carrying value of accounts receivable reflects management's assessment of associated credit risks.

Commodity Price Risk

The nature of the Corporation's operations results in exposure to fluctuations in commodity prices and exchange rates.

10. Contractual Obligations and Commitments

Under the terms of the 1995 option agreement entered into between the Corporation, Cumberland and WMC, WMC had the option to earn a 56 percent working interest in the western portion of the Meliadine gold property by incurring $12,500,000 in exploration expenditures. WMC would also provide all future financing requirements relating to exploration and development expenditures incurred on the property in excess of this amount. The Corporation, through its transaction with WMC in 2003, assumed this responsibility. In addition, the Corporation is required to make option payments to Cumberland on the dates and in the amounts as follows:

Date	Amount
Jan 1, 2006	$1,500,000
Jan 1, 2007 etc.	$1,500,000 plus a CPI adjustment

11. Contingent Receivables

As at July 31, 1997, WMC had incurred $12,500,000 of eligible exploration expenditures on the West Meliadine property and therefore earned its 56 percent working interest. Subsequent to July 31, 1997, WMC incurred an additional $49,108,000 up to the time of its merger with the Corporation. Subsequent to the merger a further $9,993,000 (December 31, 2004 – $4,040,000) of exploration expenditures were incurred by the Corporation. As of December 31, 2005 the Corporation has a contingent receivable from Cumberland in the amount of $17,217,000 (December 31, 2004 – $15,121,000) including interest. Due to the contingent nature of the amount receivable, no amount has been recorded in the financial statements of the Corporation. When the amount receivable is no longer contingent, the Corporation will record a receivable. At that time, the amount relating to the contingent amount of $13,517,000, at the date of the WMC transaction, will be considered to be income and the additional amounts related to costs incurred by the Corporation for the benefit of Cumberland, subsequent to the transaction, will offset such capital costs.

Corporate Information

Board of Directors

G.J. Drummond, Nassau, Bahamas

G.F. Fink, Calgary, Alberta

C.R. Jonsson, Vancouver, British Columbia

F.W. Woodward, Calgary, Alberta

Officers

G.F. Fink – President and Chief Executive Officer

G E. Schultz – Vice President, Finance, Chief Financial Officer and Secretary

M.J. Balog – Vice President, Exploration

Registrar and Transfer Agent

Olympia Trust Company, Calgary, Alberta

Auditors

Deloitte & Touche LLP, Calgary, Alberta

Solicitors

Borden Ladner Gervais LLP, Alberta

Tupper, Jonsson & Yeadon, Vancouver, British Columbia

Bankers

Canadian Imperial Bank of Commerce, Calgary, Alberta

Stock Listing

The Toronto Stock Exchange, Toronto, Ontario

Trading symbol: CMF

Head and Registered Office

Suite 901, 1015 – 4th Street South West, Calgary, Alberta T2R 1J4

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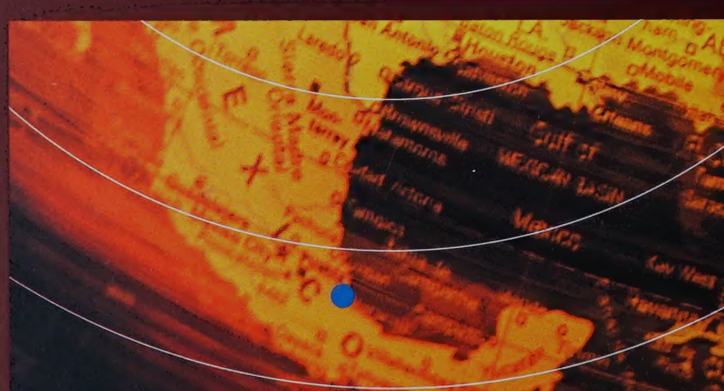

C O M A P L E X   M I N E R A L S   C O R P

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